

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 7911

BILL NUMBER: HB 1792

DATE PREPARED: Feb 5, 1999

BILL AMENDED:

SUBJECT: Base earnings required for unemployment insurance.

FISCAL ANALYST: Beverly Holloway

PHONE NUMBER: 232-9851

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill decreases the minimum wage credit necessary to qualify for unemployment compensation to \$2,000 in the base period, and requires the total wage credits in the base period to equal at least 1.25 times the wages paid in the highest quarter. (Current law requires \$2,750 in the base period with \$1,650 in the last two quarters of the base period, and requires the total wage credits in the base period to equal or exceed 1.25 times the wages in the highest quarter.)

Effective Date: July 1, 1999.

Explanation of State Expenditures: This bill decreases the minimum computation base for unemployment compensation from \$2,750 to \$2,000. The total wage credits in the base period are to equal at least 1.25 times the highest quarter. This would mean that an individual could make no more than \$1,600 in the base period ($\$1,600 \times 1.25 = \$2,000$). Under this provision, an individual would receive a total benefit of \$560.

This bill will increase the number of individuals who are eligible to receive unemployment benefits. In CY 1998 there were 17,146 individuals who were determined to be monetarily ineligible for unemployment benefits. Assuming that all 17,146 of the individuals would be eligible for unemployment benefits under this provision, an estimated \$9.6 million ($17,146 \times \560) in additional unemployment benefits would be paid from the Unemployment Benefit Trust Fund. The balance of the Unemployment Benefit Trust Fund as of December 7, 1998 was \$1.4 billion.

Explanation of State Revenues:

Explanation of Local Expenditures: See "Explanation of State Expenditures."

Explanation of Local Revenues:

State Agencies Affected: Department of Workforce Development.

Local Agencies Affected: All.

Information Sources: Charles Mazza, Unemployment Insurance, Department of Workforce Development, (317) 232-7460.